



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

ORLENE HAWKS
DIRECTOR

January 19, 2022

Richard Lowe, Chief Internal Auditor
Office of Internal Audit Services
Michigan State Budget Office
George W. Romney Building
111 South Capitol, 6th Floor
Lansing, Michigan 48913

Dear Mr. Lowe:

In accordance with the State of Michigan, Financial Management Guide, Part VII, I submit to you LARA's Corrective Action Plans addressing the recommendations contained within the Office of the Auditor General's performance audit report (# 641-0240-20) involving LARA's Bureau of Construction Codes.

Please direct any questions you may have to me at (517) 241-0777.

Sincerely,

Justin Teel
Audit Liaison

cc: JoAnne Huls, Chief of Staff, Executive Office
Maria Martinez, Chief Compliance Officer, Executive Office
Trish Foster, Chief Operating Officer, Executive Office
Doug Ringler, Office of the Auditor General
Mary Ann Cleary, House Fiscal Agency
Kathryn Summers, Senate Fiscal Agency
Representative Thomas Albert, House Appropriations Committee
Representative Jeff Yaroch, House Appropriations Subcommittee
Representative Steven Johnson, House Oversight Committee
Senator Jim Stamas, Senate Appropriations Committee
Senator Aric Nesbitt, Senate Appropriations Subcommittee
Senator Edward McBroom, Senate Oversight Committee
Orlene Hawks, Director, LARA
Marlon Brown, Chief Administrative Officer, LARA

Mr. Richard Lowe

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Courtney Pendleton, Deputy Director, LARA

Dan Horn, Director, Finance and Administrative Services, LARA

Keith Lambert, Director, Bureau of Construction Codes, LARA

Shanna Draheim, Vice Chair, Construction Code Commission, LARA

Timothy Meyer, Chair, Ski Area Safety Board, LARA

James Cowhy, Chair, Residential Builders' and Maintenance and Alteration Contractors' Board, LARA

Department of Licensing & Regulatory Affairs (LARA)
 Selected Activities Within the Bureau of Construction Codes (BCC)
 Report Number: 641-0240-20
 Issued By OAG
 October 2021
 Department Final Corrective Action Plan

Summary Response Matrix

	Complied	Will Comply	Partially Complied	Will Not Comply
Agrees		X		
Partially Agrees				
Disagrees				

Final Corrective Action Plan (CAP)

Finding Number 1

Finding Title: Improvements needed to elevating device inspection processes.

Related IT system, if applicable: Accela

OAG Recommendation

We recommend that BCC improve the efficiency of its elevating device inspections.

LARA Response

LARA agrees with the OAG’s recommendation and acknowledges the need for continuous improvement to the efficiency of its elevating device inspections.

Complied

1. BCC is generating reports for monitoring purposes, as of November 24, 2021:
 - a. Weekly reports identifying high risk elevating devices,
 - b. Monthly reports identifying medium and low risk elevating devices,
 - c. Weekly and monthly monitoring reports identifying violations needing follow-up inspections, and
 - d. Weekly monitoring reports per inspector.

These reports will be monitored by the Elevator Section Manager and shared with the BCC Director and discussed on a weekly basis.

2. BCC created objectives on November 24, 2021, specifically tied to audit corrective action plan activities for elevator staff performance evaluations for calendar year 2022.
3. On November 29, 2021, BCC updated policies and procedures on the following items:

- a. Documenting and tracking inspection requests and appointments in Accela.
 - b. Scheduling inspections in Microsoft Outlook.
4. As of April 2021, the Elevator Section Manager is meeting with inspectors in the field on a quarterly basis to provide onsite feedback and oversight.

Planned Corrective Action

1. BCC has completed an analysis of the 40 elevating devices identified in the OAG audit report. As of December 7, 2021, 32 of the 40 devices had been inspected. The eight remaining elevating devices will be scheduled for inspection by December 31, 2021.
2. BCC will establish realistic timeframes with building owners and/or contractors regarding violation resolutions needed for follow-up inspections. Establishing these timeframes will allow BCC to identify appropriate benchmarks for completing follow-up inspections.
3. The BCC Director and the Elevator Section Manager will analyze the timeframes for violation resolution through weekly and monthly reports for six months. Upon analysis completion, benchmarks will be established for follow-up inspections based on the level of violation.
4. BCC will continue to assess workload improvement strategies such as adjusting assignments and/or jurisdictions. Workloads are assessed based upon current staff levels and needs on a continuous basis. Changes are determined as staff leave or join the team, legislative requests and reports, and high priority special projects. Additionally, the BCC Elevator Section Manager will evaluate inspection trends including inspection activity reports and mileage logs to further assess adjustments to logistical challenges on a quarterly basis.
5. BCC will collaborate with other LARA bureaus and agencies who also conduct inspections to compare practices, policies, and resources to determine best practices.
6. BCC will schedule trainings no less than annually and as needed for staff. Trainings include, but are not limited to:
 - a. Documenting inspection requests and confirmed appointments in Accela and utilizing scheduling functions in Microsoft Outlook. The initial training will be held on December 14, 2021.
 - b. Continuous Quality Improvement (CQI) training, including information gained from best practices in other bureaus/agencies.
 - c. Code updates for all impacted staff within 45 days of Code updates being adopted.
7. BCC will continue to recruit qualified elevator inspectors. BCC will partner with relevant stakeholders to assist in job postings reaching a wider audience.

Anticipated Completion Dates

Planned activities 1-6 have an anticipated completion date of August 31, 2022.
Planned activity seven is ongoing.

Responsible Individuals:

- Keith Lambert, Bureau Director
- Alesha Gensler, Bureau Deputy Director
- Becky Jones, Elevator Section Manager

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Agrees		X		
Partially Agrees				
Disagrees				

Final Corrective Action Plan (CAP)

Finding Number 2

Finding Title: Improvements needed to boiler inspection processes.

Related IT system, if applicable: Accela and Jurisdiction OnLine (JOL)

OAG Recommendation

We recommend that BCC improve the efficiency of its boiler inspections.

LARA Response

LARA agrees with the OAG's recommendation and acknowledges the need for continuous improvement to the efficiency of its boiler inspections.

Complied

1. BCC is generating reports for monitoring purposes, as of November 24, 2021:
 - a. Weekly reports identifying active versus inactive boilers to ensure timely routine inspection scheduling,
 - b. Weekly and monthly monitoring reports identifying violations needing follow-up inspections, and
 - c. Weekly monitoring reports per inspector.

These reports will be monitored by the Boiler Section Manager and shared with the BCC Director and discussed on a weekly basis.

2. BCC created objectives on November 24, 2021, specifically tied to audit corrective action plan activities for boiler staff performance evaluations for calendar year 2022.
3. On November 29, 2021, BCC updated policies and procedures on the following items:

- a. Documenting and tracking inspection requests and appointments in Accela.
 - b. Scheduling inspections in Microsoft Outlook.
 - c. Assigning overdue routine and follow-up boiler inspections.
4. As of April 2021, the Boiler Section Manager is meeting with inspectors in the field on a quarterly basis to provide onsite feedback and oversight.

Planned Corrective Action

1. No later than December 31, 2021, BCC will complete an analysis of the 7,860 boilers identified in the OAG audit report as not having routine inspections in less than one year to more than 10 years. The analysis will include a plan to address all overdue inspections. Boilers overdue for inspection by seven or more years will be scheduled for inspection no later than January 31, 2022. Next, the BCC Boiler Section will focus on boilers overdue for inspection by five to seven years and will perform rollout approach for the remaining inspections.
2. No later than December 31, 2021, BCC will complete an analysis of the 2,217 boilers identified in the OAG audit report as needing follow-up inspections. The analysis will include a plan to address all overdue inspections. Boilers overdue for follow-up inspection by five or more years or with the most severe violations will be scheduled for inspection no later than February 28, 2022. Once complete, the BCC Boiler Section will perform a rollout approach for the remaining inspections.
3. BCC will establish realistic timeframes with building owners and/or contractors regarding violation resolutions needed for follow-up inspections. Establishing these timeframes will allow BCC to identify appropriate benchmarks for completing follow-up inspections.
4. The BCC Director and the Boiler Section Manager will analyze the timeframes for violation resolution through weekly and monthly reports for six months. Upon analysis completion, benchmarks will be established for follow-up inspections based on the level of violation.
5. BCC will continue to assess workload improvement strategies such as adjusting assignments and/or jurisdictions. Workloads are assessed based upon current staff levels and needs on a continuous basis. Changes are determined as staff leave or join the team, legislative requests and reports, high priority special projects. Additionally, the BCC Boiler Section Manager will evaluate inspection trends including inspection activity reports and mileage logs to further assess adjustments to logistical challenges on a quarterly basis.
6. BCC will collaborate with other LARA bureaus and agencies who also conduct inspections to compare practices, policies and resources to determine best practices.
7. BCC will schedule trainings no less than annually and as needed for staff. Trainings include, but are not limited to:

- a. Documenting inspection requests and confirmed appointments in Accela and utilizing scheduling functions in Microsoft Outlook. The initial training will be held on December 14, 2021.
 - b. Continuous Quality Improvement (CQI) training, including information gained from best practices in other bureaus/agencies.
 - c. Code updates for all impacted staff within 45 days of Code updates being adopted.
8. BCC will continue to recruit qualified boiler inspectors in order to obtain a full inspection staff. BCC will partner with relevant stakeholders to assist in job postings reaching a wider audience.

Anticipated Completion Dates

Planned activities 1-7 have an anticipated completion date of December 31, 2022. Planned activity eight is ongoing.

Responsible Individuals:

- Keith Lambert, Bureau Director
- Alesha Gensler, Bureau Deputy Director
- David Stenrose, Boiler Section Manager

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Agrees		X		
Partially Agrees				
Disagrees				

Final Corrective Action Plan (CAP)

Finding Number 3

Finding Title: Changes needed to carnival-amusement and ski regulatory fees and supervision.

Related IT system, if applicable: N/A

OAG Recommendation

We recommend that LARA continue to pursue legislative changes to update carnival-amusement and ski regulatory activity fees.

We also recommend that LARA fill its supervisor vacancy for carnival-amusement and ski activities.

LARA Response

LARA agrees with the OAG's recommendation and acknowledges the need to pursue legislative improvements to update carnival-amusement and ski regulatory activity fees; and fill the supervisor vacancy for carnival-amusement and ski activities.

Complied

1. LARA hired a code supervisor who started on November 14, 2021.
2. LARA will utilize \$500,000 in additional funding appropriated in the FY2022 budget to assist with supporting the carnival-amusement program. This appropriation will reduce the need to supplement the program from other funding sources.

Planned Corrective Action

LARA will continue to work with the Executive Office of the Governor, legislative partners, and stakeholders to pursue legislative improvements to establish a fee structure that sustains the program areas.

Anticipated Completion Dates

The anticipated completion date is December 31, 2022.

Responsible Individual:

- Keith Lambert, Bureau Director

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Agrees		X		
Partially Agrees				
Disagrees				

Final Corrective Action Plan (CAP)

Finding Number 4

Finding Title: Improvements needed over access and security controls.

Related IT system, if applicable: Accela and Jurisdiction OnLine (JOL)

OAG Recommendation

We recommend that LARA enhance access and security controls over Accela and JOL.

LARA Response

LARA agrees with the OAG’s recommendation and agrees it needs to enhance access and security controls over Accela and JOL and is taking active measures to improve in this area.

Complied

1. LARA IT conducted an Accela SOC II report review on May 17, 2021, for the timeframe of January 1, 2020 – August 31, 2020. LARA IT will be conducting SOC II report reviews on an annual basis going forward.
2. BCC created and implemented the following policies and procedures to track system access controls, which will be monitored by the BCC IT Team, Human Resources (HR) Liaison and the hiring manager:
 - a. Requesting access for new staff,
 - b. Disabling and deactivating user accounts when an employee changes positions or leaves BCC,
 - c. Deactivation of user accounts upon departure,
 - d. Documenting access requests, disabling requests, and deactivation requests.

3. BCC worked with LARA IT and DTMB to standardize access by staff role. BCC conducted the necessary testing phase during the month of October and provided that information to DTMB throughout the testing phase. DTMB worked with Accela to update security settings in Accela Production starting December 3, 2021.

Planned Corrective Action

1. The BCC IT team will perform an internal audit twice per year of all user access within the bureau to ensure the new measures put in place are accurately capturing any necessary changes in a timely manner. The BCC IT team will perform the audit for Accela, and the manager of the Boiler Division will do the same for JOL.
2. BCC will work with LARA IT and DTMB to integrate the Accela licensing system with the State of Michigan standard single sign-on solution by December 31, 2022, to provide better oversight of user access management.

Anticipated Completion Dates

The anticipated completion date is December 31, 2022.

Responsible Individuals:

- Keith Lambert, Bureau Director
- Alesha Gensler, Deputy Director
- Becky Jones, IT Section Manager

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Agrees		X		
Partially Agrees				
Disagrees				

Final Corrective Action Plan (CAP)

Finding Number 5

Finding Title: Updates needed to the Michigan Administrative Code.

Related IT system, if applicable: N/A

OAG Recommendation

We recommend that BCC update the Michigan Administrative Code rules relating to its regulated activities and keep them updated in a timely manner.

LARA Response

LARA agrees with the OAG’s recommendation and acknowledges the need to update the Michigan Administrative Code rules relating to its regulated activities and keep them updated in a timely manner.

Complied

1. BCC adopted the 2017 national standards in the Ski Area Safety General Rules effective December 11, 2020.
2. BCC adopted the 2018 national standards in the 2018 Michigan Plumbing Code effective September 15, 2021.
3. BCC established timelines and deadlines to monitor progress for each phase of the rulemaking process as outlined in the Administrative Procedures Act of 1969 (Act 306 of 1969).

Planned Corrective Action

1. BCC is in the process of hiring two additional rules analysts who would be responsible for reviewing and drafting of codes, and meeting the internal timelines and deadlines established by BCC management.

2. BCC currently has six code related rules sets open and under consideration.
 - a. The 2016 Elevator Code is currently pending a public hearing, which should be scheduled by December 31, 2021, with the final rule set being presented to the Joint Committee on Administrative Rules (JCAR) by June 30, 2022.
 - b. The 2018 Building Code is currently pending a public hearing, which should be scheduled by December 31, 2021, with the final rule set being presented to the Joint Committee on Administrative Rules (JCAR) by June 30, 2022.
 - c. The 2018 Mechanical Code is currently pending a public hearing, which should be scheduled by December 31, 2021, with the final rule set being presented to the Joint Committee on Administrative Rules (JCAR) by June 30, 2022.
 - d. The 2019 Boiler Code is currently pending a public hearing, which should be scheduled for early 2022. The final rule set should be presented to JCAR by June 30, 2022.
 - e. The 2021 Uniform Energy Code is in the process of being drafted. Once this draft is complete it will be made available for the public to view and comment on prior to three Public Advisory Meetings to be scheduled by March 31, 2022. Those public comments will be considered, and a new draft of the rules will be made available for consideration for the public before the Public Hearing no later than June 30, 2022. The final rule set should be presented to JCAR by September 1, 2022. Once this rule set is adopted, the Uniform Energy Code will be up to date.
 - f. The 2021 Michigan Energy Code is in the process of being drafted. Once this draft is complete it will be made available for the public to view and comment on prior to three Public Advisory Meetings to be scheduled by March 31, 2022. Those public comments will be considered, and a new draft of the rules will be made available for consideration for the public before the Public Hearing no later than June 30, 2022. The final rule set should be presented to JCAR by September 1, 2022. Once this rule set is adopted, the Michigan Energy Code will be up to date.
3. BCC is currently in the process of opening the 2021 Residential Code as well as the Amusement Code. BCC anticipates both codes being presented to JCAR for consideration by December 15, 2022. Once these rule sets are adopted, the Michigan Residential Code and Amusement Code will be up to date.
4. BCC plans to open the 2020 Electrical Code, the 2021 Mechanical, Plumbing and Rehabilitation Codes in the summer of 2022. The intent is to open these codes once the two energy codes are presented to JCAR. BCC plans to have each of these codes to JCAR for their consideration by September 1, 2023. Once these rule sets are adopted, the Mechanical, Plumbing and Rehabilitation Codes will be up to date.
5. BCC anticipates opening the 2022 Elevator Code shortly after it is made available to the public in 2022. Once BCC is able to successfully adopt this rule set, the Elevator Code will be up to date.

6. BCC will begin work on the 2022 Boiler Code once it is made available to the public. The timeframe is determined based on the national code availability. Once BCC is able to successfully adopt this rule set, the Boiler Code will be up to date.
7. BCC anticipates opening the 2023 Electrical Code once it is made available to the public. The timeframe is determined based on the national code availability. Once BCC is able to successfully adopt this rule set, the Electrical Code will be up to date.
8. BCC utilizes a rules analyst, a code supervisor or manager for each specific trade, inspectors, administrative law specialist and the board and commission chairpersons when considering and drafting each code adoption. BCC's code supervisors or trade managers will be responsible for obtaining the latest code for their discipline immediately, once it is made available to the public. Each code supervisor or trade manager will then be responsible for working with the rule analyst to begin the rules process as the new code is being reviewed by the trades manager. The trades manager will also be responsible for working with the appropriate board and commission chairperson to review and draft the Michigan codes.
9. In June 2019, BCC finalized a Lean Process Improvement (LPI) activity to review the rule promulgation and code adoption process. BCC will participate in another LPI by August 1, 2022 to further streamline code adoption processes.

Anticipated Completion Dates

Planned activity one will be completed by March 31, 2022. The anticipated completion date for planned activities 2-9 is September 30, 2023.

Responsible Individual:

- Keith Lambert, Bureau Director

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Agrees		X		
Partially Agrees				
Disagrees				

Final Corrective Action Plan (CAP)

Finding Number 6

Finding Title: Timeliness of complaint investigation process needs improvement.

Related IT system, if applicable: Accela

OAG Recommendation

We recommend that BCC improve the timeliness of its complaint investigation process.

LARA Response

LARA agrees with the OAG’s recommendation and acknowledges the need to improve timeliness of its complaint investigation process.

Complied

1. BCC worked with LARA IT in January 2021 to update Accela to autogenerate complaint receipt acknowledgement emails to complainants when an email address is provided. This automatic functionality became effective in February 2021. Complaints that are received by mail are logged into Accela by staff on the date of receipt.
2. BCC updated policies and procedures on the following items:
 - a. Complaints transferred to the Michigan Department of the Attorney General and complaints processed through the judicial system. As of November 5, 2021, these complaints are closed upon completion of the investigation and transferred to the appropriate agency.
 - b. BCC aligned the complaint investigation process for complaints filed under the Occupational Code, 1980 PA 299, and the Skilled Trades Regulation Act, 2016 PA 407 on October 11, 2021. Revisions to this

process have eliminated the following unnecessary steps for complaints filed under the Occupational Code:

- i. Requiring inspection reports for all complaints,
 - ii. Sending complaint allegations to licensees,
 - iii. Waiting on licensees to respond to allegations, and
 - iv. Requesting additional information to expand the investigation outside the scope of the allegations.
3. These changes have resulted in both the Occupational Code and the Skilled Trades Regulation Act complaint investigation process being limited to the complaint and any supplemental information provided with the complaint. BCC is generating reports for monitoring purposes, as of November 24, 2021:
- a. Complaint investigation results,
 - b. Timeliness of resolution,
 - c. Extension requests.

Reports will be monitored by the Residential Builders and Skilled Trades managers, and the BCC Director on a weekly basis.

Planned Corrective Action

1. BCC will assess workload improvement strategies including but not limited to adjusting assignments. Workloads are assessed based upon current staff levels and needs on a continuous basis. Changes are determined as staff leave or join the team, legislative requests and reports, high priority special projects.
2. BCC will collaborate with other LARA bureaus and agencies who also conduct investigations to compare practices, policies, and resources to determine best practices.
3. BCC will schedule trainings no less than annually and as needed for staff. Trainings include, but are not limited to:
 - a. Documenting extension approvals in Accela. The initial training was held on December 6, 2021.
 - b. Continuous Quality Improvement (CQI) training, including information gained from best practices in other bureaus/agencies.
 - c. Code updates for all impacted staff within 45 days of Code updates being adopted.

Anticipated Completion Dates

The anticipated completion date is August 31, 2022.

Responsible Individual:

- Keith Lambert, Bureau Director

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	Complied	Will Comply	Partially Complied	Will Not Comply
Agrees		X		
Partially Agrees				
Disagrees				

Final Corrective Action Plan (CAP)

Finding Number 7

Finding Title: Statutory reporting needs improvement.

Related IT system, if applicable: Accela and Jurisdiction OnLine (JOL)

OAG Recommendation

We recommend that LARA improve its statutory reporting for all BCC-regulated activities.

LARA Response

LARA agrees with the OAG’s recommendation and acknowledges the need to improve its statutory reporting for all BCC-regulated activities and has taken action to ensure data is accurate and deadlines are met.

Complied

- On May 17, 2021, BCC updated its policies and procedures regarding the compilation and preparation of statutorily required and boilerplate reports, creating internal timeframes for each step which includes:
 - a. gathering and verifying budget information,
 - b. compiling necessary data with the help of LARA IT and/or DTMB,
 - c. reviewing/revising each report for accuracy prior to submission.
- BCC established deadlines for all steps in advance of all the report submission timeframes. These changes will ensure they are submitted on time for the following boilerplate and statutorily required reports:

- **Honorably Discharged Veteran Impact Report** – The annual report will be submitted to the Legislature by February 15 every year to meet the boilerplate requirements.
- **Expenditure And Revenue Date Report** – The annual report will be submitted to the Legislature by December 31 every year to meet the boilerplate requirements.
- **Biennial Report To The Legislature - State Survey & Remonumentation Program** – The biennial report will be submitted to the Legislature by October 1 every odd numbered year to meet the statutory requirements.
- **Annual Report Department and Board Activities** – The annual report will be submitted to the Legislature by December 31 every year to meet the statutory requirements.
- **Licensing Application Report** – The annual report will be submitted to the Legislature by December 1 every year to meet the statutory requirements.
- **Third Party Exam Administrator Report** – The annual report will be submitted to the Legislature by February 1 every year to meet the statutory requirements.
- **Good Moral Character Report** – The annual report for the preceding fiscal year will be submitted to the Legislature by December 1 every year to meet the statutory requirements.

Since the OAG audit report was published in October 2021, BCC has submitted the following reports by the required deadline:

- Biennial State Survey & Remonumentation Program Report
- Good Moral Character Report for FY 2021
- Licensing Application Report for FY 2021
- Annual Report Department and Board Activities
- Expenditure and Revenue Date Report for FY 2021.

Planned Corrective Action Anticipated Completion Dates

LARA has complied with the OAG's recommendation related to Finding Number 7.

Responsible Individual:

- Keith Lambert, Bureau Director